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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

NFAC 1599-81
20 March 1981

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA: Deputy Director for National Foreign Assessment
National Intelligence Officer for Warning

FROM: Robert C. Ames
National Intelligence Officer for Near East and South Asia

SUBJECT: Monthly Warning Meeting - March 1981

1. Iran-Iraq. As Iraq continues to build up its forces in Khuzestan Province for a "Spring Offensive" there is a window of perhaps three to four weeks during which the two sides can reach an agreement. After this, Saddam Husayn is likely to launch his offensive. This window is provided by the slowly drying marshy terrain over which an Iraqi thrust must move. When the ground is hard - mid-April - the pressure will be on Husayn to move. Pressure is coming from the military, where morale is beginning to suffer, and the home front due to continued inconveniences caused by the war. Husayn is likely to make a three-pronged attack: an assault on Abaden, air strikes on military and economic targets, and an armored thrust to cut off the southern producing fields from the refineries in Tehran and Isfahan. The attack probably will be preceded by diversionary moves in the northern regions of Khuzestan. The outlined attack would make the greatest impact in Tehran, but the likely Iranian response would be to lash out - including attacks on other Gulf States - rather than go to the negotiating table. We have about a month of peace-making time left before the war heats up and oil supplies become threatened once again. (S)

2. Lebanon. The new commander of the UN Forces in Lebanon (UNIFIL), Irish General Callaghan, is being tested by the Israelis and their man in South Lebanon, Sa'd Haddad. Unlike his predecessors Callaghan does not appear to be the type to back down. He plans to assert UN control in the regions assigned to the UN and encourage greater regular Lebanese Army (LAF) participation in the South. The Israelis want the status quo, i.e. no greater LAF presence, and will continue to support Haddad. If Callaghan

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also takes a firm stand on Palestinian/Leftist activities, however, his tough approach could bring greater stability to South Lebanon. We should continue to be alert to the possibility of an Israeli spectacular between now and the 30 June election date. The PLO's newly acquired Soviet tanks, which are in the Sidon area, are a likely target. (S)

3. Libya. While we are all aware of Libya's involvement in Chad, less attention has been paid to its activities to counter a US build-up in the Indian Ocean. Much of what Libya is doing is done in conjunction with Syria and PDRY, which suggests there might be a Soviet hand involved as well. The shopping list of activities includes financial and arms support for dissident groups in Somalia, the YAR and Oman. Libya also played a role in undermining the Islamic Conference peace mission to Iran and Iraq. With a seemingly endless supply of arms and money and with a more coherent policy of confronting the US, Qadhafi is a serious strategic threat in the region. (S)

4. Geoffrey Kemp, the new head of NESAs affairs on the NSC, attended our meeting and discussed some of the things that were on his front burner (Sinai, Iran, etc). We had some discussion on these items and went away with a better appreciation of where and how our efforts could best serve the need of the policy maker over the next few months. (C)

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